

STATE OF HAWAII
NOTICE OF AND REQUEST FOR EXEMPTION
FROM CHAPTER 103F, HRS

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STATE PROCUREMENT OFFICE
STATE OF HAWAII

To: Chief Procurement Officer

From: Department of Human Services/Med-QUEST Division
Department/Division/Branch or Office

Pursuant to § 103F-101(a)(4), HRS, and Chapter 3-141, HAR, the Department requests a procurement exemption to purchase the following:

1. Title and description of health and human service(s): The contractor provides behavioral health services for Medicaid eligible adults who are seriously mentally ill (SMI). Comprehensive behavioral health services up to the benefit limits are provided statewide. Services include hospital services, outpatient services, 24/7 emergency/crisis services, mental health rehabilitation services, behavioral health healthcare specialist services, day treatment, case management, pharmacy services, lab services, substance abuse services, etc.	
2. Provider Name and Address:	APS Healthcare Bethesda, Inc. 8403 Colesville Road, Suite 1600 Silver Spring, MD 20910
3. Total Contract Funds:	\$3,823,470
Contract Funds per Year (if applicable):	\$1,911,735 <i>cyb 12/8/11</i>
4. Reference number of Previous Request for this Service (if applicable):	
5. Term of Contract:	Start: 01/01/12 End: 6/30/12

STATE OF HAWAII
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6. Describe how procurement by competitive means is either not practicable or not advantageous to the State:

RFP-MQD-2008-005 was issued on June 30, 2007 to procure competitive sealed proposals to provide Behavioral Health Services for Medicaid Eligible Adults who are Seriously Mentally Ill (SMI). This RFP closed on August 16, 2007 and one proposal was received. Through a prolonged start up period, the new provider began services effective January 1, 2009. This RFP provided a multi-term contract for the initial period up to June 30, 2010 and one additional 12 month period up to June 30, 2011.

These services are required to provide behavioral health services to Hawaii's seriously mentally ill population of approximately 800 individuals statewide. Due to the specialty of these services, the current provider network is limited and somewhat fragile. Any interruption of services to this clientele group will cause serious harm to the safety and the treatment of these citizens. Due to the fact that the current contractor was the sole proposal received in the RFP, it is unlikely that any other bidder would step forward in response to a new RFP for this fee-for-service coverage. Behavioral Health services in the state and nation are severely limited due to shortages of providers. We believe it is in the state's best interest to extend the current contractor for an additional six months to ensure the stable provision of services to this highly vulnerable and fragile group of individuals.

The MQD is currently under a six month extension of this contract from July 1, 2011 to December 31, 2011 based upon Hawaii Administrative Rules Section 3-149-301. The MQD had started the procurement process with a Request for Information (RFI) on May 23, 2011 with responses due on June 7, 2011. The MQD had planned on releasing the RFP in August or September 2011 and awarding a contract no later than October 2011. However, the Centers for Medicare and Medicaid Services (CMS) is requiring that the MQD integrate behavioral health into the QUEST Expanded Access (QExA) program in 2012. Because of this change, the MQD is going to end this program and incorporate the services into the QExA managed care health plans who are already providing behavioral health services.

The MQD will be working with its QExA managed care health plans to transition these behavioral health services into its existing contracts effective no later than June 30, 2012. This move will mirror the changes made with the current QUEST contractors to provide these behavioral health services with their managed care contracts for the non-aged, non-blind and non-disabled clients. These contract amendments follow the current movement in health care to attach the "heads" back onto the "bodies" to provide the complete person's coverage of health care services within managed care health plans. Managed care plans are required to establish adequate provider networks so this requirement will benefit this vulnerable population with as many providers as possible to service their SMI needs. Managed care also provides case managers to coordinate and manage the patient's care for all medical and behavioral health requirements. It is believed that this six month contract extension will allow the QExA managed care plans adequate time to establish its provider network and service plans for the SMI population.

Failure to receive a contract extension would be a health and safety issue for the approximate 800 clients receiving services from this contractor statewide.

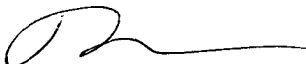
7. Describe the reason for the selection of the provider including a description of how the procedure ensured the maximum fair and open competition practicable:

The selection of the provider will continue to be the incumbent who is currently providing services to the SMI members. This ensures that there is no break in service or any undue interruption of care for the members. Again, with the severely limited number of providers, it is unlikely that any other contractor would step forward to provide these services.

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8.	Describe the state agency's internal controls and approval requirements for the exempted procurement: The DHS Med-QUEST Division Health Care Services Branch (HCSB) and the Division's Finance Office (FO) will follow all normal procurement processes. The Department will monitor the extended contract to ensure that all requirements are met.
9.	List the state agency personnel, by position title, who will be involved in the approval process and administration of the contract: Patricia McManaman, Director Cori Woo, Deputy Attorney General Kenneth Fink, Med-QUEST Administrator Patricia Bazin, Health Care Services Branch Administrator Brian Pang, Finance Officer Dona Jean Watanabe, Health Care Contract Spec, FO
10.	Direct questions to (name & position): Kenneth Fink, MQD Administrator Phone number: 692-8050 e-mail address: bpang@medicaid.dhs.state.hi.us

I certify that the information provided above is to the best of my knowledge true and correct.

 _____ <i>Department Head Signature</i>	<u>12/11/11</u> _____ <i>Date</i>
<u>Patricia McManaman</u> _____ <i>Typed Name</i>	

NOTICE

The chief procurement officer is considering this request for exemption and, if there is good cause, the state intends to exempt the purchase as described in the request. Any inquiries regarding the purchase shall be directed to the contact person noted in item 10 of the request. Any concerns regarding the exemption shall be in writing and received by the chief procurement officer within seven days of the date the notice was first posted. Concerns shall be mailed to: Aaron Fujioka, Chief Procurement Officer, State Procurement Office, 1151 Punchbowl St., #230A, Honolulu, HI 96813.

FOR CHIEF PROCUREMENT OFFICER USE ONLY

Chief Procurement Officer's Comments:

This award is required to be posted on the Awards Reporting System.

☒ **APPROVED** ☐ **DISAPPROVED** ☐ **NO ACTION**

 _____ <i>Chief Procurement Officer Signature</i>	<u>12/19/2011</u> _____ <i>Date</i>
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